



September 6, 2005

Nebraska Public Service Commission
P.O. Box 94927
Lincoln, NE 68509-4927

Re: Application No. NG-0030 / PI-98

Dear Sirs and Madam,

Orthman Manufacturing is an established and growing company located in mid-Nebraska. During several years of droughts and sluggish economy, it has worked hard to remain competitive, and indeed, to survive.

Hard work and significant investments in design, lean manufacturing, increased productivity, product diversification, and capital improvements have well positioned Orthman as the economy has rallied. It has, in fact, purchased a company in Kansas and moved new production and new people to the Lexington area.

Unfortunately, costs of materials – especially steel related items – have soared, fuel and gas prices have skyrocketed, and the ever-higher costs of people, health benefits, casualty insurance, workers comp, and taxes, put a stranglehold on Orthman's profitability, and threatens its ability to remain competitive.

Nebraska is not always an easy place to do business. In the Lexington area, it is difficult to recruit well qualified people. Until earlier this year, the company was taxed on capital investments in made. And winter is a challenge not always faced by states with warmer climates. While a better quality-of-life and lower cost-of-living are favorable attributes of Nebraska, they are hardly the only deciding factors in the success of a company doing business here.

As cost inputs to production spiral ever upward, companies must look to alternative strategies such as sourcing materials from out of the country, farming out production to companies outside of Nebraska, and reducing their investments in the people and economy of this state. Not that they want to do this, but they must remain profitable to survive.

It may seem that the issues before the Commission in Application No. NG-0030 / PI-98 are small, and the issue of several smaller Nebraska companies facing a push back to Type 1 Choice Gas Customer not very significant. Orthman feels that decisions which unfavorably affect waived customers in these matters would be insufferable.

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CFO

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